

Message Text

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SUBJECT: EC FOREIGN MINISTERS COUNCIL FEBRUARY 8, 1977: RESULTS

REF: (A) EC BRUSSELS 1191 (NOTAL), (B) 76 EC BRUSSELS 12572
(NOTAL), (C) 75 ECA505 (NOTAL), (D) EC BRUSSELS 545 (NOTAL),
(E) LONDON 1507 (NOTAL), (F) LONDON 1794 (NOTAL)

1. SUMMARY: IN ADDITION TO SIGNATURE OF EC/ISRAEL PROTOCOLS
AND TO DISCUSSION OF CIEC, FISHERY ISSUES, AND RELATIONS
WITH PORTUGAL (ALL REPORTED SEPTELS), THE EC FOREIGN MINISTERS
DISCUSSED THE FOLLOWING DURING THEIR FEBRUARY 8 COUNCIL
SESSION: ADAPTATION OF THE 1970 EC/SPANISH TRADE AGREEMENT;
BEDGETIZATION OF EXTERNAL AID COMMITMENTS; TRADE RELATIONS
WITH JAPAN; THE EURO-ARAB DIALOGUE; AND THE DANISH REQUEST
FOR COUNCIL ACTION ON UK PORK SUBSIDIES. THE COUNCIL ALSO
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PAGE 02 EC BRU 01269 091824Z

APPROVED THE TEXT OF THE SECOND FINANCIAL PROTOCOL WITH
GREECE, WHICH IS EXPECTED TO BE SIGNED IN THE NEAR
FUTURE; AGREED ON ELEMENTS OF THE TEXT OF THE THIRD
FINANCIAL PROTOCOL WITH TURKEY, REQUESTING THAT
COREPER NOW FINALIZE THE TEXT; AND APPROVED THE
COMMUNITY'S CEREAL FOOD AID PROGRAM FOR 1976/77 (DETAILS
WILL BE REPORTED SEPARATE MESSAGE). END SUMMARY.

2. EC/SPANISH TRADE AGREEMENT. THE MINISTERS DID NOT ENGAGE IN ANY LENGTHY SUBSTANTIVE DISCUSSION OF PROBLEMS INVOLVED IN ADAPTING THE 170 EC/SPANISH TRADE AGREEMENT TO THE ENLARGED COMMUNITY (REFTEL B). ACCORDING TO A UK SPOKESMAN, COREPER HAS BEEN ASKED TO EXAMINE THE QUESTION OF WHETHER THE ADAPTATION SHOULD BE TECHNICAL OR ECONOMIC IN NATURE; AND THE COMMISSION HAS BEEN ASKED TO REVIEW AND ATTEMPT TO STRIKE A BALANCE BETWEEN WHAT CONCESSIONS CAN BE: (A) ASKED OF SPAIN ON EXPORTS OF EC INDUSTRIAL PRODUCTS AND (B) OFFERED BY THE COMMUNITY ON IMPORTS OF SPANISH AGRICULTURAL GOODS. ACCORDING TO A COMMISSION SPOKESMAN, ITALY MAINTAINED ITS RESERVE ON ANY SPECIAL CONSIDERATIONS FOR THE UK ON IMPORTS OF SPANISH AGRICULTURAL GOOD. THE COMMISSION IS ALSO TO PREPARE, IN THE NEAR FUTURE, A REPORT ON MEDITERRANEAN AGRICULTURAL STOCK-TAKING.

3. BUDGETIZATION OF EXTERNAL AID. A UK SPOKESMAN TOLD THE PRESS THAT TWO MEMBER STATES MAINTAINED THEIR RESERVES ON THE PROPOSED BUDGETIZATION OF THE EC'S EXTERNAL AID COMMITMENTS (REFAIR C). ACCORDING TO THIS SOURCE, THE OTHER MEMBER STATES EXPRESSED STRONG CONCERN OVER THE CONTINUED LACK OF PROGRESS ON THIS ISSUE, STRESSING THAT THE SUMS INVOLVED WERE BOTH SMALL AND HYPOTHETICAL. THE MINISTERS AGREED THAT AN ATTEMPT SHOULD BE MADE TO RESOLVE OUTSTANDING DIFFICULTIES IN ORDER THAT THE MATTER COULD BE APPROVED AS AN A-POINT DURING THE MARCH 8 FOREIGN LIMITED OFFICIAL USE

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PAGE 03 EC BRU 01269 091824Z

MINISTERS COUNCIL.

4. JAPAN. THE MINISTERS RECEIVED REPORTS FROM EC COMMISSIONERS HAFERKAMP AND DAVIGNON ON RECENT TRADE TALKS WITH THE GOJ. HAFERKAMP OPENED BY REFERRING TO THE FACT THAT INTRODUCTION OF NEW AUTO EMISSION STANDARDS IN JAPAN HAD BEEN DELAYED UNTIL APRIL 1981 AS THE EC HAD REQUESTED. HE ALSO REFERRED TO THE TEMPORARY 20 PERCENT ANTI-DUMPING DUTY IMPOSED BY THE EC ON IMPORTS OF BALL BEARINGS FROM JAPAN. ON SHIPBUILDING, DAVIGNON REPORTED THAT THE EC HAD RECEIVED REASSURANCES FROM THE JAPANESE SIDE ON PRICES AND PRICING POLICIES, WHICH WERE TO BE INTRODUCED IN THE OECD FEBRUARY 8. HE CHARACTERIZED THE ISSUE AS A DELICATE MATTER FOR BOTH SHIPBUILDERS AND SHIP-OWNERS. ACCORDING TO A COUNCIL SOURCE, THE COMMISSION STATEMENT ASSERTED THAT THE JAPANESE CONCESSIONS WOULD CUT CONSTRUCTION LEVELS TO SUBSTANTIALLY BELOW 1976 LEVELS AND WOULD CAUSE A LAYOFF OF 55,000 JAPANESE WORKERS OUT OF A TOTAL OF

300,000 IN THE INDUSTRY. DAVIGNON ANNOUNCED AGREEMENT WITH THE JAPANESE THAT THERE SHOULD BE MONTHLY EXCHANGES OF INFORMATION BETWEEN THE TWO SIDES ON NUMBERS OF SHIPS BUILT AND ORDERED.

5. ACCORDING TO A COUNCIL SOURCE, HAFERKAMP CONCLUDED BY STRESSING THAT THE JAPANESE PROBLEM WAS NOT LIMITED TO SPECIFIC SECTORS BUT REMAINED A GENERAL PROBLEM BECAUSE OF JAPANESE ABILITY TO SHIFT EXPORTS. THUS THERE SHOULD BE A DISCUSSION OF THE GLOBAL JAPANESE TRADE ISSUE AT THE WESTERN SUMMIT.

6. EURO-ARAB DIALOGUE. ACCORDING TO PERMDEL SOURCES, THE MINISTERS APPROVED COREPER RECOMMENDATIONS ON PREPARATIONS FOR THE GENERAL COMMITTEE MEETING IN TUNIS FEBRUARY 10-12, INCLUDING THE PROPOSED OPENING STATEMENT BY THE EC SIDE (REFTELS E AND F).
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PAGE 04 EC BRU 01269 091824Z

7. DANISH REQUEST ON PROK. THE DANES SUBMITTED A REQUEST PURSUANT TO ARTICLE 93 OF THE ROME TREATY THAT THE COUNCIL DECIDE THAT THE UK SUBSIDY ON PROK IS ILLEGAL. THE MOTION NEVER HAD A CHANCE OF PASSING: ARTICLE 93 SPECIFIES THAT SUCH DECISIONS MUST BE UNANIMOUS, AND THE UK PREDICTABLY VOTED NO. EC AGRICULTURE COMMISSIONER GUNDELACH TOLD REPORTERS THAT, EVEN THAT IF THERE HAD BEEN NO UNANIMITY, IT WAS CLEAR THAT AN OVERWHELMING MAJORITY OF MEMBER STATES WAS OPPOSED TO THE SUBSIDY. HE SAID THAT THE COMMISSION INTENDS TO TAKE ACTION ON ITS OWN UNDER ARTICLE 93 IN AN EFFORT TO OVERTURN THE UK SUBSIDY.

8. OTHER BUSINESS. THE DANES REPORTED ON THE STATUS OF THE BRISCOE COMPANY EXPROPRIATION CASE IN GHANA. THE COUNCIL TOOK NO ACTION ON THIS POINT. HINTON

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